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SUBJECT: LOOMING REVISIONS TO NGO LAW

¶1. (U) Recent press reports predict that Egypt's NGO Law (Law 84) and related provisions of Egyptian civil law are likely to be revised, with the new legislation reportedly to be debated and passed in the next parliamentary session. Embassy and USAID contacts also anticipate changes to NGO-related legislation will be on the parliamentary agenda in November, when both houses of parliament, now out of session, reconvene.

¶2. (SBU) The expected changes to the NGO Law and related civil law provisions (sections 505-537 of Egyptian civil code) may include closing a legal loop-hole that currently allows NGO's to operate as "civil companies." Due to the restrictive nature of laws governing civil society organizations, especially the lengthy and often onerous process of becoming officially registered as an NGO, many Egyptian activists have opted to establish de facto NGO's that are not registered as such, but rather are licensed as not-for-profit civil companies or "branch offices" of regional organizations (even though for all intents and purposes, the organizations are Egyptian). Most Egyptian NGO's not registered under Law 84 are legally operating as not-for-profit civil companies. Such civil companies first appeared on the Egyptian scene in 1994; currently, we estimate that out of the fifty active Egyptian human rights NGO's, fifteen are registered as civil companies. Embassy and USAID contacts indicate that the GOE will likely amend the civil law to eliminate the civil company and branch office options, and tighten legal provisions to mandate that all NGO's register as NGO's.

¶3. (SBU) If the GOE amends the relevant legislation in this way, USAID Cairo estimates that 25% of its civil society grants will be affected. Nine of USAID's current civil society grantees are civil companies, including the Ibn Khaldun Center (run by the son of Egyptian civil society, Saad Eddin Ibrahim), the United Group, and the Arab Penal Reform Organization. As noted above, the changes to the relevant laws will not come before parliament until mid-November, and may indeed fall farther back on the legislative calendar. Depending on how they are drafted, and when they take effect, the legal changes may affect FY 2008 USAID direct grants to local NGO's. The brewing legal revisions will likely enhance GOE control over Egyptian civil society, and bode badly for the operations of several key Egyptian NGO's, including the Ibn Khaldun Center.
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